Prospects for Foreign Trade in

FRUITS, VEGETABLES, TREE NUTS

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CONTENTS

PROSPECTS FOR FOREIGN TRADE IN FRUITS, VEGETABLES, AND TREE NUTS

RECENT TRENDS IN U.S. EXPORTS

The past decade has witnessed considerable growth in dollar value of U.S. exports of fresh and processed fruits and vegetables. During the period 1953 through 1963, the combined value of exports of the 8 major commodity groups within the fruit and vegetable family has nearly doubled, rising from about $192 million in 1953 to a record high of $370 million in both 1962 and 1963. These 8 commodity groups[1] are:

1) Fresh citrus fruits
2) Fresh noncitrus fruits
3) Canned fruits
4) Dried fruits
5) Processed fruit juices
6) Fresh vegetables
7) Canned vegetables
8) Tree nuts

This growth can be attributed largely to improvement in economic conditions and gradual relaxation of import controls in many parts of the world, particularly Western Europe. Immediately following World War II, the local economies of many countries were in an extremely precarious position; this led to the virtual prohibition of imports, particularly from the dollar areas. The United States, recognizing the gravity of the problem which then existed, in essence agreed to a temporary suspension of its rights acquired through earlier trade negotiations. However, as economic conditions improved and the balance-of-payments problem became less acute, the United States vigorously sought restoration of its rights to market access. Subsequent removal--either wholly or in part--of these barriers has fostered considerable growth in such important consuming markets as the United Kingdom, West Germany, Sweden, and Japan.

Of the three general market areas--Canada, Europe, and all other countries combined--Europe has shown the most dramatic growth. The value of U.S. fruit and vegetable exports to the Continent in both 1962 and 1963 was almost 4 times larger than in 1953. Europe alone accounted for nearly two-thirds of the total growth during this period.

A substantial increase has also occurred in the value of exports to Canada, from about $100 million in 1953 to a general level of slightly over $150 million in recent years. In 1962, Europe surpassed Canada for the first

[1] Supporting statistics for the growth in dollar value of each group may be examined in the appendix.

time as our most important market area, accounting for 44 percent of total dollar value of U.S. exports as compared to 41 percent for Canada. This is in sharp contrast to the situation in 1953, when Canada accounted for slightly over one-half of total value, with Europe representing only about one-fifth.

The overall value of exports to all other areas combined (other than Europe and Canada) has shown only minor growth. Japan, Hong Kong and, to a lesser extent, Venezuela are the only countries in this group which have demonstrated significant growth in the importation of fresh and processed fruits and vegetables from the United States. These countries have, in total, slightly more than offset the decline in other areas, the most notable of which has been Cuba.

In terms of a single country, the rate of growth of exports to Japan has been phenomenal. Today, Japan ranks as one of our most important export markets for fresh and processed fruits and vegetables, after holding a relatively minor position only a few years ago. Within a period of only 5 years--1959 to 1963--the dollar value of all fruit and vegetable items moving to Japan had increased 375 percent, rising to a level of almost $12.5 million.

The trends in each of the 8 commodity groups are reviewed briefly in the following:

Canned Fruits --Of the 8 commodity groups within the fruit and vegetable family, canned fruits have shown the largest absolute growth in terms of export dollar earnings. In 1962, the value of U.S. canned fruit exports attained an all-time high of $79 million, 3.6 times larger than in 1953. The dollar value of exports in 1962 to Europe alone, $61 million, had increased nearly ten-fold. Canned peaches, the largest single item in this category, have demonstrated the most spectacular growth. In 1953, the value of U.S. exports of this item to Europe was less than $1 million. In 1962--9 years later--exports had increased to $28 million. Canned fruit cocktail has also enjoyed rather phenomenal growth. Total export earnings of this item in 1963, $23 million, had more than tripled the level of 1953. Both canned peaches and fruit cocktail have now displaced canned pineapple as the leading dollar earner in the canned fruit line.

Fresh Citrus --Export activity in fresh citrus fruits was exceptionally brisk during the mid-1950's. Several near-disastrous freezes in Spain forced that country's temporary withdrawal as major supplier of fresh oranges to the Continent. As a result, the United States was able to penetrate the European market in significant volume and the dollar earnings from fresh citrus fruits reached a new record high of $73 million in calendar year 1956.

Although the 1956 record has not since been equalled, total dollar earnings have trended mildly upward in the more recent years, primarily because of increased activity in lemon exports to Western Europe and, to a lesser extent, in exports of fresh grapefruit. Export earnings of fresh lemons reached a new high of $19.5 million in calendar year 1963. For the past 3 years, exports of fresh grapefruit have approximated $10.5 million, nearly double the value in 1953. Grapefruit appears to be slowly increasing in popularity in Western Europe.

A series of intermittent freezes in Florida since 1957, and relatively short crops in California, have reduced the quantity of oranges moving into export. Despite this reduction, total dollar earnings from fresh oranges have been more or less sustained because of higher unit prices. Oranges usually contribute at least one-half of total U.S. dollar earnings from fresh citrus.

Fresh Noncitrus (Deciduous) -- The dollar value of fresh deciduous fruits moving into export has trended moderately upward since 1953. Three items--grapes, apples, and pears--normally represent at least three-fourths of the total. Export value of grapes, the leading dollar earner in this group, reached a new high of $18 million in 1963, nearly double its 1953 value. Canada is the largest importer of U.S. grapes, taking about three-fourths of the export volume annually.

Despite a rising production level in Western Europe and the presence of barriers to trade, U.S. apples have fared moderately well in export. During the 4 most recent calendar years, export earnings have ranged between $13 million and $16 million as contrasted to a level of around $5 million in the early 1950's. The gradual modification of nontariff barriers in many countries of Western Europe is largely instrumental to this growth.

Pears have not shown a growth pattern similar to that of apples and grapes. The penetration of the European market has been limited largely to years of short supply on the Continent.

Dried Fruits -- Total export earnings from the family of dried fruits have advanced moderately over the past decade. This gain can be attributed to a slight increase in the quantity of raisins moving into export and somewhat higher price levels for most dried fruits. One of the more significant changes in this sector, in recent years, has been the appearance of Japan as a prominent market for U.S. raisins. Within a span of only 3 years, 1960 to 1962, the volume had increased 6-fold and the value of such exports increased from less than $1 million, in 1960, to about $5.9 million in 1962.

Processed Fruit Juices -- Exports of the processed fruit juices moved upward at a fairly brisk pace during the early 1950's through 1957. Earnings increased from about $24 million to a high of $47 million in 1957. Thereafter, however, the export potential was adversely affected by intermittent freezes in the citrus producing belt of Central Florida. The relatively short supplies and attendant high prices, particularly of orange juice products, have since prevented the processed fruit juice family from establishing new highs.

Fresh Vegetables -- Canada is the major export market for fresh vegetables produced in the United States. This market has shown evidence of sustained growth over the past decade, rising from about $25 million in 1953 to a level of between $40 million to $45 million in the more recent years. Canada alone usually accounts for approximately 90 percent of total U.S. export earnings from the fresh vegetable sector. Participation in the Western European market has been limited only to years of extremely short supplies on the Continent such as occurred in the winter of 1963. About $8 million were realized from fresh vegetable exports--primarily in potatoes and carrots -- to Europe in that year.

Canned Vegetables -- Total dollar earnings from canned vegetables have moved slowly upward over the past decade. In 1963, export earnings established a new record high of $33 million, about double the 1953 value. One item alone, canned asparagus, is responsible for about 70 percent of this growth. Exports of canned asparagus have experienced an appreciable gain in Western Europe, particularly to West Germany. Because of increased self-sufficiency of the Canadian market as well as increasing competition from frozen and dehydrated vegetables, U.S. exports of canned vegetables have shown no evidence of growth in that market.

Tree Nuts--Total earnings from the family of tree nuts have varied considerably over the past decade. This variation can be attributed to the frequent fluctuations in annual supplies and prices both in the United States and competing areas. Some increased activity has been noted, over the past few years, in exports of shelled almonds. Here again, Japan is showing signs of becoming an important outlet for U.S. almonds.

PROSPECTS BY COMMODITY GROUPS

Fresh Citrus

The dominant factor in the 1963-64 citrus picture is the continued short supply of winter oranges and grapefruit in the United States -- the aftermath of the 1962-63 tree-damaging frosts in Florida. In contrast, orange crops and grapefruit crops outside the United States are expected to be at record highs. World lemon supplies will be far above the small 1962-63 crop, but smaller than the record 1961-62 crop. While total lemon supplies from the Mediterranean will be 2 million boxes larger than last season, the crop set is mostly winter lemons to be harvested October to June. Summer lemon supplies in both Italy and Spain are small, perhaps smallest in the past six seasons, creating again a fine export opportunity for U.S. lemons sold in Europe.

World citrus supplies are expected to total about 17.2 million tons, about 2.7 million larger than 1962-63, but nearly a million tons smaller than the estimated 18.1-million-ton world crop of 1961-62.

In the 1963-64 season, U.S. winter orange exports will be lower because of U.S. shortages. However, summer orange, lemon, and grapefruit supplies are larger than last season and exports should be sustained at about recent levels. Summer lemon exports should be in excellent volume and might surpass last season's high level of trade. Since most U.S. fresh citrus is exported in summer months, the short crops in Florida will have less effect on fresh fruit trade than on U.S. products exports.

One of the most significant features of the 1963-64 fresh citrus trade will be increased U.S. imports of oranges. Israel and Mexico will supply increased quantities for the U.S. fresh fruit market, and larger quantities of oranges for processing will be imported from Mexico and the Caribbean. Total seasonal imports will probably not exceed 2 million boxes.

Competition will be even stronger in Canada as many foreign suppliers expand sales there. The U.S. share of the Canadian market will probably decline again. The most aggressive competitors in Canada will be Israel, Japan, South Africa, and Mexico. Some fruit from Spain and Brazil may also be sold in Canada this year. Only quarantine problems prevent the sale of oranges from Japan and South Africa in the United States.

Trade barriers to U.S. fresh citrus sales in European markets remain. The United Kingdom continues to discriminate against U.S. winter grapefruit by prohibiting imports while importing from all other sources, including Commonwealth competitors such as Israel. The German requirements that diphenyl-treated fruit must be so labeled continue to hamper U.S. lemon sales, while restrictions against use of citrus Red No. 2 in Germany, England, France, Switzerland, Belgium, and the Netherlands limits the sale of early Gulf Coast oranges in these markets.

Processed Citrus Products

Short orange and grapefruit crops in Florida, our main citrus-juice producing state, will limit U.S. exports of orange products and grapefruit products in the 1963-64 season. While U.S. supplies are short and prices above recent levels, foreign competitors will take over a part of U.S. markets in Canada and Western Europe. When U.S. citrus supplies are again "normal," our exporters will face better established foreign competition in all world markets.

An important feature of this season will be the record import into the United States of foreign-produced orange juice. This juice will come from Mexico and the Caribbean, and some from South America; most will be used as a blend with U.S. juices to stretch our short supplies. Total imports might be as much as 5 million gallons, single-strength equivalent. These U.S. imports are probably temporary and will end when our supplies are restored.

Non-tariff barriers still restrict U.S. citrus product trade. In April, the United Kingdom removed quota restrictions on frozen orange juice concentrate but it continues to permit only limited imports of other types of U.S. orange juice, as well as grapefruit juice and grapefruit sections under yearly quotas. Italy restricts imports of orange juice, but is a growing market for U.S. grapefruit juice.

Of the four major European markets, each with a population of 40 million or more -- Italy, France, the United Kingdom, and Germany -- United States produced orange juice can be sold without restriction in only one, Germany. Some temporary relaxation of restrictions was achieved, however. France established a quota for U.S. orange juice and Japan will permit some increase in imports while the Olympic games are underway.

The expansion of U.S. foreign markets for orange and grapefruit products will have to wait until U.S. supplies are restored.

TABLE 1.--Citrus fruits: Production in principal producing areas, 1953-63

Commodity and crop year	United States	Mediter-ranean	Southern Hemisphere	Other	World total
	Mil. boxes	Mil. boxes	Mil. boxes	Mil. Boxes	Mil. boxes
Oranges & Tangerines:					
1953......................	131	105	42	35	313
1954......................	136	111	44	44	335
1955......................	137	114	46	43	340
1956......................	137	92	52	49	330
1957......................	111	123	55	51	340
1958......................	134	131	61	55	381
1959......................	130	142	62	57	391
1960......................	122	139	65	64	390
1961......................	142	145	68	56	411
1962......................	107	131	69	60	367
1963[1]......................	103	155	--	--	--
Grapefruit:					
1953......................	48	2	1	2	53
1954......................	42	2	1	2	47
1955......................	45	2	1	2	50
1956......................	45	2	1	2	50
1957......................	40	2	2	2	46
1958......................	44	3	2	1	50
1959......................	42	3	2	1	48
1960......................	43	3	2	2	50
1961......................	43	3	2	2	50
1962......................	35	3	3	2	43
1963[1]......................	32	4	--	--	--
Lemons:					
1953......................	16	14	3	--	33
1954......................	14	14	4	--	32
1955......................	13	14	4	--	31
1956......................	16	15	4	--	35
1957......................	17	17	4	--	38
1958......................	17	19	6	--	42
1959......................	18	19	5	--	42
1960......................	14	19	5	--	38
1961......................	17	23	5	--	45
1962......................	13	18	5	--	36
1963[1]......................	16	20	--	--	--

[1] Preliminary.

TABLE 2.--Fresh citrus fruit: U.S. share of world production and trade, and percent of U.S. sales exported, by principal destination, 1953-62

Crop year	U.S. share of world--		Percent of U.S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	Percent	Percent	Percent	Percent	Percent	Percent
1953	50	16	12.3	4.1	7.5	0.7
1954	47	17	12.7	4.7	7.1	.9
1955	47	20	15.0	6.8	7.2	1.0
1956	48	19	14.9	6.6	7.3	1.0
1957	40	13	13.8	5.8	7.2	.8
1958	42	13	13.3	4.5	7.5	1.3
1959	40	11	12.5	3.7	7.2	1.6
1960	38	12	13.7	5.5	6.8	1.4
1961	40	10	13.6	4.8	7.2	1.6
1962[1]	35	10	15.8	6.8	7.2	1.8

[1] Preliminary.

TABLE 3.--Fresh citrus fruit: Exports to Europe from principal supplier, crop seasons 1956-62

Commodity and origin	1956	1957	1958	1959	1960	1961	1962[1]
	Mil. boxes	Mil. boxes	Mil. boxes	Mil. boxes	Mil. boxes	Mil. boxes	Mil. boxes
Oranges and tangerines:							
United States	3.8	1.2	1.7	0.8	1.4	1.1	1.1
Mediteranean area	42.5	54.7	55.3	64.3	61.3	75.3	62.2
Southern Hemisphere	7.5	8.7	8.4	9.6	12.3	9.3	10.0
Grapefruit:							
United States	.6	.5	.6	.5	.8	1.0	.6
Mediterranean area[2]	1.8	1.7	2.0	2.3	2.1	2.3	2.5
Southern Hemisphere	.5	.5	.6	.6	.7	.5	.8
Lemons:							
United States	1.5	2.6	1.4	1.8	2.0	1.5	2.2
Mediterranean area	7.9	6.4	9.6	9.6	9.7	11.4	9.5
Southern Hemisphere	1.2	1.7	1.5	2.4	2.1	.3	.2

[1] Preliminary.
[2] Includes small quantities from the Caribbean.

Fresh Deciduous Fruit

Patterns of trade in deciduous fruit during the 1962-63 season continued relatively unchanged from historical ones. The level of exports was down from the previous year, primarily as a result of significant decreases in apple and in pear exports.

Canada continued as the major export market for U.S. deciduous fruit, even increasing its purchases of certain items, but this was offset by losses elsewhere. Apples and pears are the most important individual commodities in U.S. deciduous fruit export trade, and the major market for these is Western Europe. With apple production in Western Europe at about 340 million bushels in 1962 and pears about 111 million, as compared with 280 and 97 million respectively the previous year, U.S. exports were certain to be down, particularly since in 1962 an export record for recent years was set (with over 3 million boxes of apples shipped to these countries).

TABLE 4.--Table apples and pears: Production in principal producing areas, 1953-63

Commodity and crop year	United States	Foreign countries					World total
		Europe		Other Northern Hemisphere	Southern Hemisphere	Total	
		Market Countries[1]	Other Europe				
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
Apples:							
1953.............	95	162	65	43	27	297	392
1954.............	112	197	65	46	32	340	452
1955.............	107	126	84	46	29	285	392
1956.............	101	198	94	60	35	387	488
1957.............	118	79	71	63	33	246	364
1958.............	127	263	115	67	40	485	612
1959.............	127	142	118	68	40	368	495
1960.............	109	255	118	70	41	484	593
1961.............	127	138	144	81	42	405	532
1962.............	125	200	135	86	46	467	592
1963[2]............	123	220	148	--	--	--	--
Pears:							
1953.............	28	60	28	12	8	108	136
1954.............	30	55	23	12	11	101	131
1955.............	30	56	27	12	10	105	135
1956.............	32	46	28	15	11	100	132
1957.............	32	21	26	14	12	73	105
1958.............	29	78	33	16	11	138	167
1959.............	30	41	36	18	12	106	136
1960.............	26	70	37	18	11	136	162
1961.............	27	50	47	21	14	132	153
1962.............	29	55	53	24	13	145	174
1963[2]............	19	53	54	--	--	--	--

[1] Austria, Belgium, France, Germany, Ireland, Netherlands, Norway, Sweden, Switzerland, and United Kingdom.
[2] Preliminary.

TABLE 5.--Fresh deciduous fruit: U.S. share of world production and trade, and percent of U.S. sales exported, by principal destination, 1953-62

Crop year	U.S. share of world--		Percent of U.S. sales exported			
	Production	Trade	To Europe	To Canada	To other countries	Total
	Percent	Percent	Percent	Percent	Percent	Percent
1953	26	9	0.3	2.2	1.2	3.7
1954	27	10	.5	2.6	1.1	4.2
1955	27	9	.9	2.9	1.3	5.1
1956	26	10	.7	3.4	1.1	5.2
1957	31	15	3.1	3.2	1.2	7.5
1958	23	10	.9	3.0	1.2	5.1
1959	26	10	2.0	3.7	1.3	7.0
1960	22	10	1.3	4.2	1.2	6.7
1961	23	10	2.7	3.7	.9	7.3
1962[1]	23	9	1.8	3.6	1.1	6.5

[1] Preliminary.

TABLE 6.--Fresh apples and pears: Exports to Western Europe, by major supplying area, average 1949-53, annual 1956-62[1]

Commodity and origin	Average 1949-53	1956	1957	1958	1959	1960	1961	1962[2]
	Mil. boxes	Mil. boxes	Mil. boxes	Mil. boxes	Mil. boxes	Mil. boxes	Mil. boxes	Mil. boxes
Apples:								
United States	0.9	0.4	3.3	0.7	1.9	1.1	3.1	1.7
Canada	1.1	.6	1.8	1.0	1.3	1.1	1.6	1.5
Europe	13.0	21.6	22.9	19.4	39.4	20.5	43.3	24.1
Southern Hemisphere	4.1	8.2	10.7	10.9	11.2	12.9	16.1	18.6
Pears:								
United States	.1	.4	.9	.3	.8	.4	.8	.7
Europe	4.6	5.2	3.6	5.6	7.3	6.8	7.7	8.6
Southern Hemisphere	1.5	2.9	3.3	2.8	3.2	2.8	3.4	4.1

[1] Year beginning July 1.
[2] Preliminary.

The expected reduction in apple and pear exports was tempered somewhat by the trend in Western European countries towards more liberal application of their import restrictions. Certain European countries allow imports freely after an announced opening date, determined each year on the basis of the way the domestic crop moves to market. Opening dates in 1962-63 were very little different from those of the previous year, despite the much larger domestic output. This situation contributed to holding up U.S. exports. Exports actually totalled about one-half million boxes higher than the previous

TABLE 7.--Table grapes: U.S. share of world production and trade, and percent of U.S. sales exported, by principal destination, 1953-62

Crop year	U.S. share of world--		Percent of U.S. sales exported			
	Production	Trade	To Europe	To Canada	To other countries	Total
	Percent	Percent	Percent	Percent	Percent	Percent
1953	19	18	--	7.1	2.3	9.4
1954	17	18	.1	8.0	2.5	10.6
1955	18	20	.6	8.8	2.8	12.2
1956	16	19	.9	9.9	2.6	13.4
1957	17	22	.9	11.1	2.9	14.9
1958	14	18	.9	11.7	3.0	15.6
1959	15	22	1.0	13.2	2.8	17.0
1960	15	21	1.3	13.7	2.8	17.8
1961	13	16	.9	14.1	2.0	17.0
1962[2]	16	18	1.0	13.9	2.2	17.1

[1] Grapes consumed fresh.
[2] Preliminary.

year in which Europe had production comparable to 1962. Also, sales to markets in other areas, such as Latin America, continued to increase.

In 1963, European crops again increased and demand is not as strong as last year. Total deciduous exports are likely to show further decreases in 1963-64. Apple prices are relatively low compared to last year, and some Southern Hemisphere suppliers have been reluctant to sell, anticipating an improvement in prices later in the season. This situation has led to the United States' moving substantial quantities of apples to Europe, filling this gap. As a result, U.S. exports of apples are higher than in 1962-63, instead of showing the reduction anticipated.

However, Western Europe will take less total fruits it imports from the United States, except apples. Canada will increase purchases, particularly of soft fruits, and Latin America and the Far East will increase their purchases slightly, in accordance with the gradual upward trend which exists in this trade.

The long-term outlook indicates a continuation of year-to-year fluctuations of export volume, correlated with European production, but with an underlying upward trend. Valuewise, the upward trend will be more apparent, with the seesawing tending to level off somewhat.

Canned Fruit

Production of canned fruit in major producing countries during 1963 did not reach the record level of 1962, as a decrease in the U.S. pack was not entirely covered by larger foreign packs. International trade in canned fruits in 1963-64 will probably be close to the 1962-63 record, as increased

TABLE 8.--Canned deciduous fruit: Production, by area, 1956-62 seasons

Area	1956	1957	1958	1959	1960	1961	1962[1]
	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]
United States....................	71.1	65.2	64.1	77.6	76.1	80.8	83.5
Canada...........................	2.8	3.3	3.1	2.9	3.0	3.8	3.1
Europe...........................	11.8	9.4	12.0	12.6	12.2	13.2	13.9
Australia and South Africa.......	7.7	7.5	9.8	7.8	9.5	9.4	12.0
Other Countries..................	2.7	4.5	3.9	3.9	5.4	5.5	5.2
Total........................	96.1	89.9	92.9	104.8	106.2	112.7	117.7

[1] Preliminary.
[2] Equivalent 24 No. 2-1/2 cans.

TABLE 9.--Canned deciduous fruit: U.S. share of world production and trade, and percent of U.S. sales exported, by principal destination, 1953-62

Crop year	U.S. share of world--		Percent of U.S. sales exported			
	Production	Trade	To Europe	To Canada	To other countries	Total
	Percent	Percent	Percent	Percent	Percent	Percent
1953.............	80	25	1.6	1.3	1.1	4.0
1954.............	73	24	1.5	1.7	1.1	4.3
1955.............	75	29	3.0	1.3	1.2	5.5
1956.............	74	33	3.5	1.8	1.3	6.6
1957.............	73	33	4.6	2.1	1.3	8.0
1958.............	69	28	3.8	1.6	1.1	6.5
1959.............	74	34	5.0	1.8	.9	7.7
1960.............	72	37	6.3	2.2	.6	9.1
1961.............	72	42	8.6	1.9	.6	11.1
1962[1]...........	71	46	10.0	1.8	.7	12.5

[1] Preliminary.

shipments from foreign producers should virtually offset a decline in U.S. exports -- which had reached record levels for the four preceding seasons.

The 1963 U.S. pack was substantially below the 1962 record level. Output of Clingstone peaches, pears, fruit cocktail, and cherries was below 1962, while the apricot, Freestone peach and pineapple packs were slightly larger. Movement--both domestic and foreign--during the 1962 season was heavy, so that beginning 1963 stocks, in aggregate, were lower than beginning 1962 stocks. Domestic movement during the 1963 season has been strong, more than offsetting the weakening in export movement. On March 1, 1964, U.S. canners' stocks of the major export items--Clingstone peaches, fruit cocktail and pineapple--were below those of a year earlier. This was true also for the stocks of most other items.

TABLE 10.--Canned pineapple: Production, by area, 1956-62

Area	1956	1957	1958	1959	1960	1961	1962[1]
	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]
Hawaii[1] and Philippines..........	14.6	13.5	14.2	14.2	15.0	15.2	15.1
Malaya..........................	1.7	2.1	1.9	1.6	1.9	1.9	1.9
Others..........................	4.8	5.4	6.6	5.4	6.4	7.0	6.4
Total.......................	21.1	21.0	22.7	21.2	23.3	24.1	23.4

[1] Preliminary
[2] Equivalent 24 No. 2-1/2 cans.

TABLE 11.--Canned fruit: Imports, by area, 1956-62

Commodity and area	1956	1957	1958	1959	1960	1961	1962[1]
	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]	Mil. cases[2]
Deciduous							
Europe...........	9.7	11.5	12.4	14.0	15.6	19.4	22.0
Canada...........	1.6	1.6	1.3	1.8	1.9	1.9	1.8
U.S..............	.1	.1	.1	.1	--	--	--
Other............	.3	.2	.2	.1	.1	.1	.1
Total..........	11.7	13.4	14.0	16.0	17.6	21.4	23.9
Pineapple..........							
Europe...........	5.2	6.4	6.4	7.2	6.7	7.8	7.1
Canada...........	.7	.9	1.0	1.0	1.0	.9	1.1
Other............	.4	.3	.6	.9	1.0	1.2	1.3
Total..........	6.3	7.6	8.0	9.1	8.7	9.9	9.5
Total:							
Europe...........	14.9	17.9	18.8	21.2	22.3	27.2	29.1
Canada...........	2.3	2.5	2.3	2.8	2.9	2.8	2.9
U.S..............	.1	.1	.1	.1	--	--	--
Other............	.7	.5	.8	1.0	1.1	1.3	1.4
Total..........	18.0	21.0	22.0	25.1	26.3	31.3	33.4

[1] Preliminary.
[2] Equivalent 24 No. 2 1/2 cans.

Foreign canned fruit production continued at a high level in 1963. The two largest foreign producers, Australia and South Africa, enjoyed near-record packs, while the relatively small producers, Argentina and Chile, had record production. The canned fruit packs in Spain and Italy are also believed to have been above 1962.

Higher prices and reduced availabilities of canned peaches are resulting in smaller U.S. exports in 1963-64; however, exports from Southern Hemisphere countries have increased, with the result that 1963-64 world trade in canned peaches may approximate that of 1962-63. U.S. shipments of canned fruit cocktail may exceed the record 1962-63 volume despite high prices and smaller supplies in the United States. Canned pineapple exports from the United States during 1963-64 will probably not reach the level of 1962-63.

A larger foreign pack selling at prices below those of the United States has again dominated the European market for canned apricots; however, U.S. exports in 1963-64 are expected either to equal or slightly exceed the small volume shipped in 1962-63. The extremely short supply of U.S. canned pears and the resulting high prices have sharply curtailed U.S. exports in 1963-64 -- limiting them mostly to Canada. International trade in pears will be about the same as 1962-63 levels.

Dried Fruit

Statistically, the 1963-64 world raisin supply has appeared deceptively large. At 588,000 short tons (1963 production plus carryin), the September 1, 1964 supply -- in producing countries -- was only 3 percent below the 1962-63

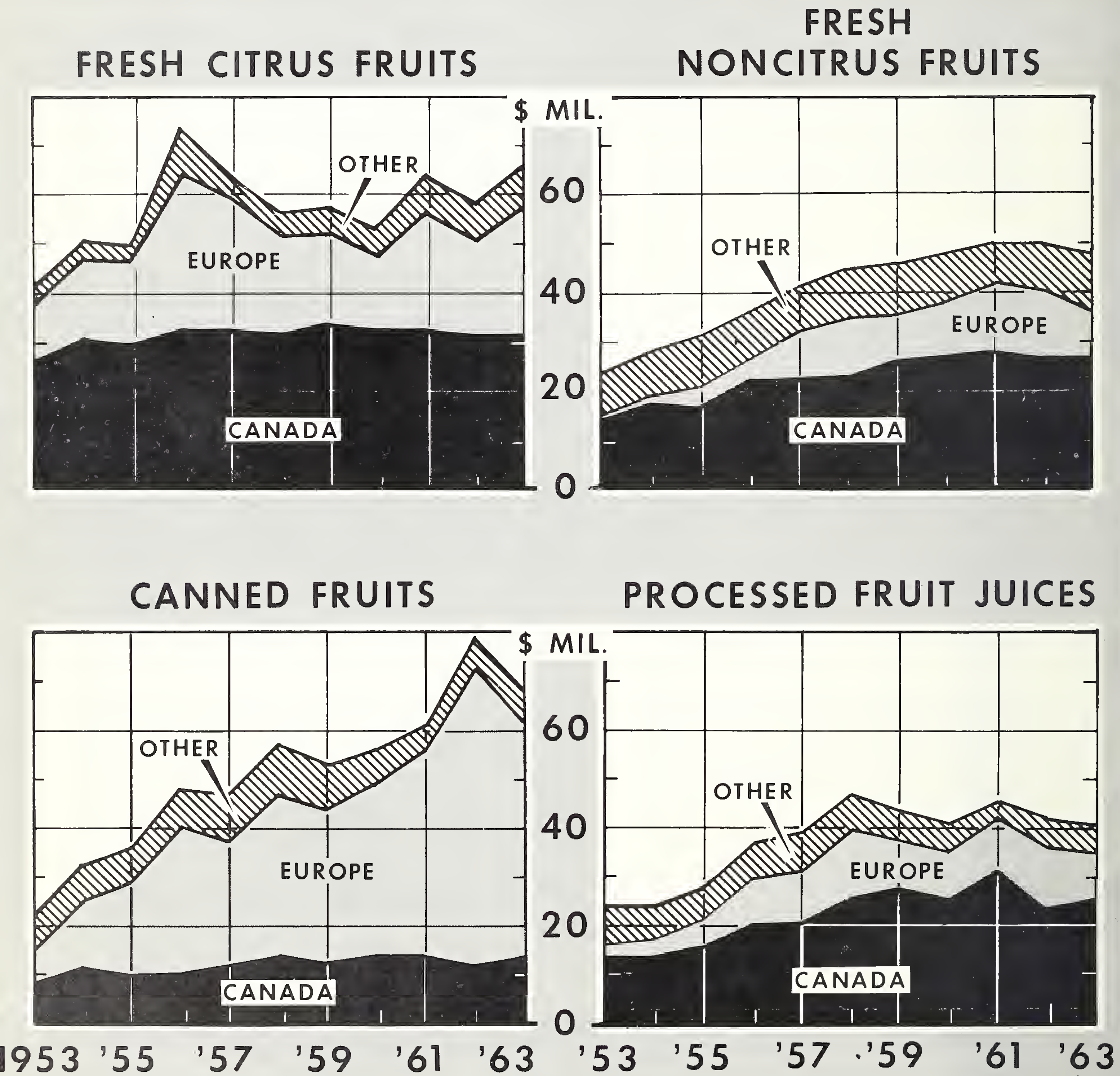
TABLE 12.--Raisins and dried prunes: Production, by area, in 1953-63

Commodity and crop year	United States	Mediter-ranean	Southern Hemisphere	World Total
	1,000 tons	1,000 tons	1,000 tons	1,000 tons
Raisins:				
1953	233	208	101	542
1954	168	193	96	457
1955	225	180	85	490
1956	200	253	57	510
1957	163	222	82	467
1958	186	207	94	487
1959	223	263	90	576
1960	194	173	74	441
1961	228	249	83	560
1962	191	274	106	571
1963[1]	261	206	77	544
Dried Prunes:				
1953	148	60	16	224
1954	178	17	12	207
1955	135	36	18	189
1956	196	8	18	222
1957	168	28	16	212
1958	97	27	20	144
1959	144	57	18	219
1960	139	8	18	165
1961	142	52	19	213
1962	153	45	19	217
1963[1]	135	33	19	187

[1] Preliminary.

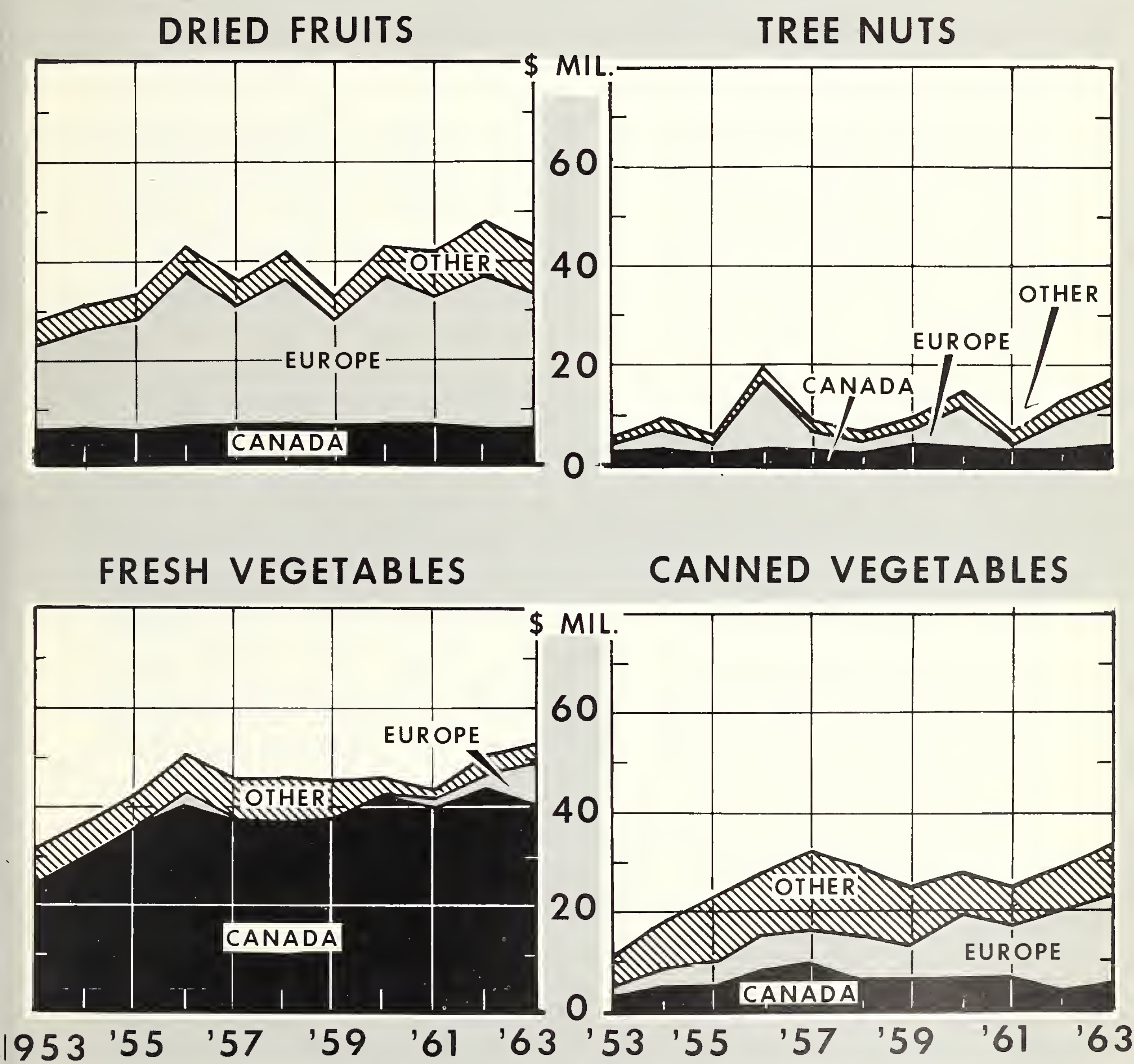
VALUE OF U. S. EXPORTS O

1953



F FRUITS AND VEGETABLES

1963



VALUE OF U. S. EXPORTS OF FRUITS AND VEGETABLES

1953 - 1963

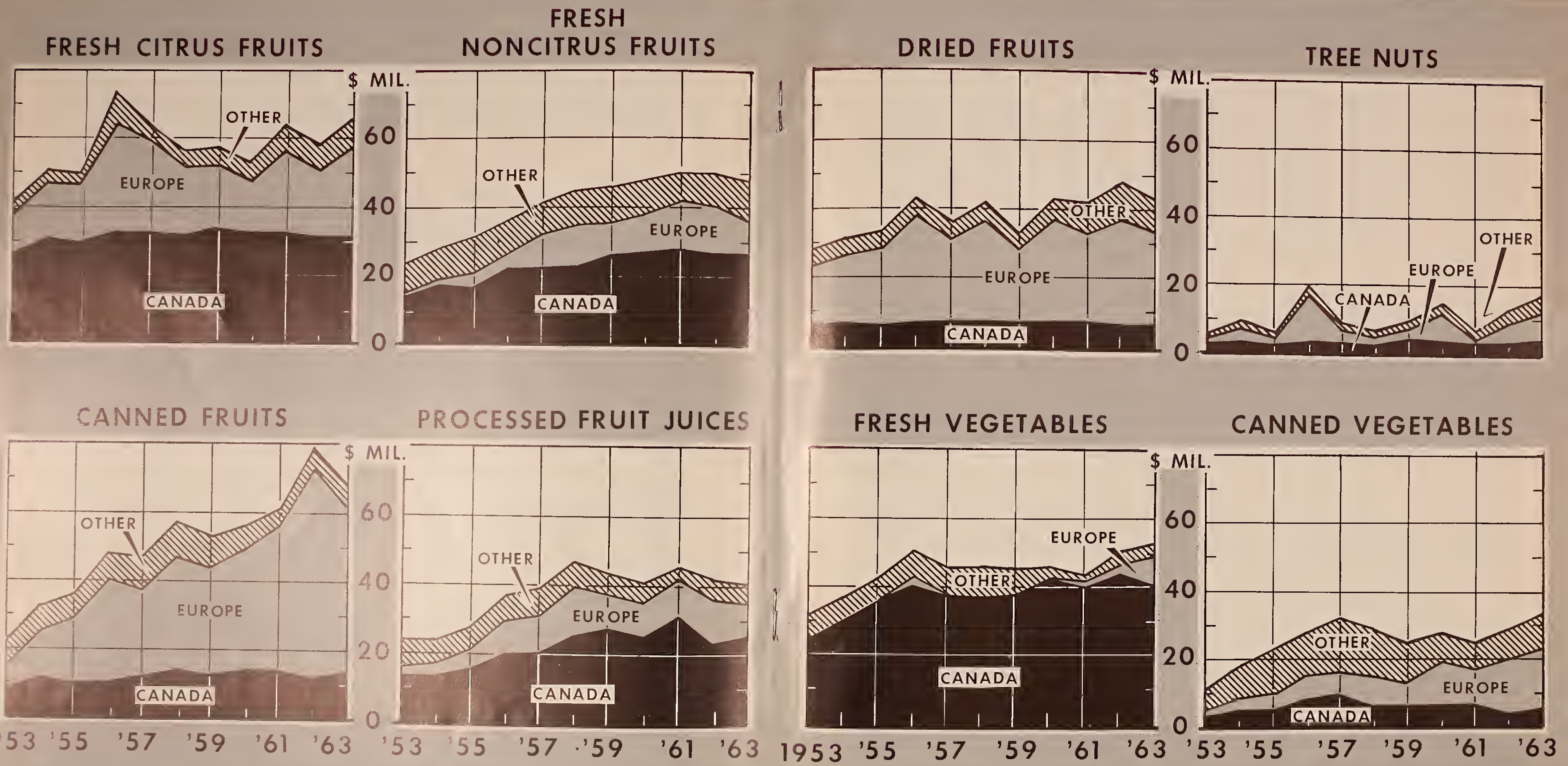


TABLE 13.--Dried fruit:[1] U.S. share of world production and trade, and percent of U.S. sales exported, by principal destination, 1953-62

Crop year	U.S. share of world--		Percent of U.S. sales exported			
	Production	Trade	To Europe	Canada	To other countries	Total
	Percent	Percent	Percent	Percent	Percent	Percent
1953	45	24	18.7	4.3	3.0	26.0
1954	46	19	14.5	4.8	3.4	22.7
1955	48	28	23.1	4.2	3.6	30.9
1956	47	26	21.7	4.4	3.2	29.3
1957	43	22	21.4	4.9	3.3	29.6
1958	39	13	12.9	3.8	2.8	19.5
1959	41	18	15.2	3.7	2.9	21.8
1960	46	24	18.8	4.0	6.3	29.1
1961	40	23	18.8	3.7	6.9	29.4
1962[2]	38	19	15.6	3.6	6.5	25.7

[1] Apples, apricots, peaches, pears, prunes, and raisins.
[2] Preliminary.

figure of 607,000 tons and was virtually the same as the 1961-62 volume of 591,000 tons. However, 1963-64 international trade is expected to total only about 280,000 tons a 20-percent decline from the 351,000 tons exported the previous season.

The apparent disproportionateness of the decrease in exports is due to two reasons. First, the countries which normally export a very high percentage of their production suffered short crops in 1963 -- i.e. Turkey, Greece and Australia -- while Iran and United States, which usually export a relatively smaller (though still important) share of their production, had large crops. Futhermore, the exceptionally large 1963 U.S. harvest of 261,000 tons (70,000 tons above the near-average 1962 crop) contains a heavy but not fully determined, tonnage of rain-damaged raisins. Some unofficial estimates indicate that at least 40,000 tons of the California crop will be deemed too much damaged to be marketable.

The uncertainty as to the ultimate turn-out of the California pack caused considerable uncertainty as to 1963-64 U.S. export availabilities. Foreign demand has been strong but the delay caused by rain damage in processing California raisins undoubtedly reduced potential U.S. export volume for 1963-64. Roundly 50,000 tons may be exported this season; in 1962-63 45,000 tons were exported.

Foreign prices for 1963-64 are substantially higher than for 1962-63. Only U.S. prices have held to the same levels as a year earlier. These, though, have been higher than foreign prices despite the increase in the latter.

The 1963 world prune pack of 185,000 tons was 15 percent less than 1962 output and 4 percent below average. The U.S. pack, which normally accounts for over three-fourths of the world's production, was down from 1962 and was also below average for the fifth time in six years. Yugoslav production was near-average, the French crop well above average but much smaller than both the 1962 crop, as well as earlier expectations for the 1963 crop. Foreign production, in aggregate, for 1963 was appreciably smaller than in the previous two seasons though still above average.

World prune exports in 1963-64 should be down substantially from the exceptionally large 1962-63 level of 86,000 tons and may amount to approximately 74,000 tons. Most of the decline will be Yugoslav exports. U.S. exports may decline slightly. For most of the season, U.S. prices have been 1¢ to $1\frac{1}{2}$¢ per pound below prices for the corresponding period of 1962-63; most recently, however, they have risen to last year's level. However, Chilean and Yugoslav export prices have decreased even more, thus underselling U.S. prunes by a wider margin than in 1962-63. French prices have remained near last season's levels -- well above those of the United States. New crop (1964) Australian prunes are underselling California prunes in export.

For the second consecutive year, dried apricot production declined. At 20,700 tons, the 1963 world pack was well below the 1962 pack of 27,800 tons and also below average. A larger U.S. pack was more than offset by a sharp decrease in Iran, usually the leading producer. Australian and Turkish production also declined, while Spanish production rose. World exports in 1963-64 will be appreciably less than in 1962-63, reflecting the decreased availabilities in Iran, by a wide margin the leading exporter of dried apricots. U.S. exports, though, should show some increase in 1963-64. Prices for U.S. dried apricots are down about a nickel a pound from the previous season. Iranian prices are up by about the same amount but still well below U.S. levels.

Tree Nuts

World almond production in 1963 was large, well above the small 1962 crop and average (1956-60) but still below the record high of 1961. Total supplies in producing countries for 1963-64 are only moderately larger than average as carryin stocks at the year's beginning were at their lowest level of recent years. World almond trade in 1963-64 will be substantially above 1962-63 volume and probably above average. Despite the larger 1963 supplies, world prices have continued high, equaling those of the 1962-63 season. This has been because of strong demand from importing countries, where stocks had been exhausted. U.S. production in 1963 was up from a year earlier, being the second largest crop on record. U.S. prices opened lower than those of the previous year and subsequently increased substantially. Exports from the United States in 1963-64 will be considerably above both 1962-63 volume and the average volume, and will nearly match the record exports of 1959-60. Imports into the United States will again be negligible.

TABLE 14.--Almonds, filberts, and walnuts: Production in the United States and other countries, on a shelled basis, 1953-63

Commodity and crop year	United States	Other[1]	Total
	1,000 tons	1,000 tons	1,000 tons
Almonds:			
1953	19.6	84.9	104.5
1954	22.2	72.7	94.9
1955	19.2	45.7	64.9
1956	30.0	40.2	70.2
1957	18.0	101.8	119.8
1958	9.6	56.5	66.1
1959	42.2	101.1	143.3
1960	26.8	53.9	80.7
1961	35.7	119.8	155.5
1962	26.6	48.5	75.1
1963[2]	33.0	78.4	111.4
Filberts:			
1953	2.0	50.0	52.0
1954	3.4	74.8	78.2
1955	3.1	53.6	56.7
1956	1.2	87.3	88.5
1957	5.0	65.0	70.0
1958	3.0	73.4	76.4
1959	4.0	78.9	82.9
1960	3.6	59.1	62.7
1961	4.7	72.5	77.2
1962	3.1	81.6	84.7
1963[2]	2.7	90.0	92.7
Walnuts:			
1953	23.1	27.9	51.0
1954	29.4	29.3	58.7
1955	30.2	37.8	68.0
1956	28.0	34.5	62.5
1957	26.0	20.2	46.2
1958	34.6	34.0	68.6
1959	25.1	28.4	53.5
1960	29.1	35.1	64.2
1961	27.0	30.5	57.5
1962	32.0	38.8	70.8
1963[2]	31.2	34.3	65.5

[1] Almonds: Iran, Italy, Morocco, Portugal and Spain. Filberts: Italy, Spain, and Turkey. Walnuts: France, Italy, Iran, Turkey, Yugoslavia, and India.
[2] Preliminary.

An above-average world crop of filberts was harvested in 1963, though the all-important Turkish crop was slightly below average, as well as the 1962 level. World trade should approximate that of the previous three seasons. Prices continue high, though somewhat below the 1962-63 levels. U.S. production was about average and slightly above the preceding year's output. U.S. imports are not expected to differ greatly from levels of the previous two seasons.

World production of walnuts in 1963, though somewhat below the large 1962 crop was, nevertheless, well above average. Foreign production, which

accounts for just over half of the world's output, declined in 1963, while U.S. production remained about the same as in 1962. Italy had a sharply smaller crop than in 1962; the Indian crop was also down, while the French crop was again large.

Prices of foreign walnuts thus far this season have been generally higher than a year earlier. Though U.S. prices opened appreciably lower than in 1962-63, they have strengthened as the 1963-64 season advanced, whereas they had weakened as the 1962-63 season progressed; by April 1964 they were above the level of a year earlier.

The volume of walnuts moving in international trade in 1963-64 should not be much different from that of the past two seasons when it approximated 50,000 tons, unshelled basis. U.S. exports will continue minor while U.S. imports, always more substantial than exports, may be less than the below-average volume of 1962-63.

U.S. pecan production in 1963 was over 4 times as large as the short 1962 crop and 62 percent above average. The record-large 1963 crop and consequent low prices have again stimulated foreign interest in U.S. pecans. Exports of pecans in 1963-64 should exceed the postwar high set in 1961-62.

Vegetables

U.S. exports of fresh and processed vegetables has been trending steadily upward since 1950, although gains have not been outstanding in any one period, but rather gradual and steady. This tendency is expected to continue during the coming year.

Canada continues as the most important export market for fresh vegetables and potatoes, while major sales of processed vegetables are being made also to Western Europe. Sales of fresh vegetables to Canada will continue to increase with regard to most individual commodities as well as overall.

Processed vegetables, particularly canned, are meeting increased competition from home-produced products in most world areas. U.S. exports of

TABLE 15.--Vegetables: U.S. exports, by destination, average 1960-62[1]

Commodity	Total	Canada	Cuba	Venezuela	Other
	Mil. lb.	Percent of total	Percent of total	Percent of total	Percent of total
Potatoes,............................	267.2	85.5	.6	2.2	11.7
Vegetables, fresh....................	735.1	90.7	.8	.1	8.4
Vegetables, canned...................	164.2	22.7	.4	3.7	73.2
Total............................	1166.5	79.9	.7	1.1	18.3

[1] Preliminary.

TABLE 16.--Vegetables, fresh: U.S. imports, by origin, average 1960-62[1]

Commodity	Total	Canada	Chile	Cuba	Mexico	Other
	Mil. lb.	Percent of total	Percent of total	Percent of total	Percent of total	Percent of total
Potatoes....................	76.6	100.0	--	--	--	--
Tomatoes....................	241.7	.8	--	6.9	88.4	3.9
Melons......................	173.9	--	7.9	.1	85.9	6.1
Other.......................	308.2	43.0	4.5	8.2	27.8	16.5
Total, excl. potatoes.......	723.8	18.6	3.8	5.8	62.0	9.8
Grand total.................	800.4	26.4	3.4	5.3	56.1	8.8

1 Preliminary

certain commodities so affected are decreasing: for example, tomato products which are being produced in larger quantities in Italy, Portugal, and France. Thus, U.S. exports are going to become more specialized as to commodities. Green and white asparagus, beans, and items of this sort which are not generally produced in Europe will continue to be important in trade and will probably take an even more dominant position among U.S. vegetable exports.

Fresh winter vegetable trade with Europe is expected to become more and more of a factor as problems incident to this movement are solved. Sales of Florida celery, and of Arizona and Texas carrots and other winter vegetables, have been surprisingly large in view of the many obstacles facing this trade. Very high ocean freight rates for certain commodities, big problems in handling the products in transit to assure good arrival, etc., have all tended to hold back growth of trade in these items. Despite this, increasing interest is being shown in these items by European importers, particularly those in the United Kingdom and the Netherlands and, more recently, West Germany.

Imports of fresh winter vegetables from Mexico will again be slightly higher than last year's, continuing the upward trend in this trade which has prevailed for several years. The major commodity imported from Mexico is tomatoes, and the Mexican producers are rapidly turning away from ground tomatoes to staked vine ripes with their much higher yield per acre. Imports of melons for Mexico have shown a sharp upward trend. The magnitude of the increased trade will be determined by the level of prices in the United States.

Hops

The 1963-64 world hops crop at 199.2 million pounds is 10 percent above the previous record of 180.6 million pounds produced in 1959-60, and 13 percent above last year's crop of 176.2 million pounds.

Table 17.--HOPS: World production, average 1956-60, annual 1961-63[1]

Country	Average 1956-60	Year beginning September 1		
		1961	1962	1963
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Canada	1,327	1,145	1,456	1,445
United States	45,401	35,454	44,231	51,422
Argentina	286	305	274	269
Austria	[2] 188	309	265	342
Belgium	2,913	2,205	2,701	3,031
France	4,535	4,299	3,444	5,104
Germany, West	35,450	28,428	33,977	39,683
Spain	777	1,250	1,823	2,535
United Kingdom	27,494	22,400	29,883	30,955
Czechoslovakia	13,013	12,897	15,642	19,859
Germany, East	[2] 2,337	2,163	3,250	4,189
Hungary	[3] 375	538	909	838
Poland	2,987	4,367	4,641	5,699
Rumania	[3] 882	507	728	794
Yugoslavia	7,998	11,596	11,574	10,802
USSR	10,988	13,889	13,228	13,228
South Africa, Republic of	202	159	201	133
Japan	2,387	3,470	3,662	4,634
Australia	3,590	3,689	3,797	2,500
New Zealand	942	888	664	630
Others[4]	148	145	134	1,124
Total	164,220	150,103	176,484	199,216

[1] Northern Hemisphere production harvested year shown. Southern Hemisphere production harvested early the following year. [2] Four-year average (1957-60). [3] 1960 only. [4] Mexico, Switzerland, and Sweden.

All major producers show increases over last year's hops production, except Russia, where no change was recorded, and Yugoslavia where a 7 percent decline occurred. The United States and West Germany had output increases of 16 and 17 percent, respectively. These two are the world's leading hops producers, with almost half of total world production.

World beer production has increased, on the average, about 4.3 percent each year for the 4 years, 1959 through 1962. Assuming that this trend should continue through 1963, production in 1963 should have topped 400 million barrels of 31 gallons each. Figures are, as yet, not available to confirm this estimate. Under the same assumption, world beer production should exceed 420 million barrels in 1964. The 1963-64 hops crop may be in excess of requirements for even this large a beer production; however, many foreign and domestic brewers may find it necessary to rebuild carry-over stocks which have been reduced during the past 2 years because of rising hops prices.

TABLE 18.--HOPS: U.S. exports by destination, average 1955-59, annual 1960-62

Destination	Year beginning September 1			
	Average 1955-59	1960	1961	1962
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Europe				
EEC	2,410	2,300	2,717	3,311
Other	1,866	1,904	4,747	4,679
Total	4,276	4,204	7,464	7,990
Canada	2,013	2,106	1,369	1,759
Latin America	8,642	10,044	7,660	8,004
Africa	519	414	603	883
Asia	426	601	1,105	1,719
Other Areas	117	72	80	105
Total Exports	15,993	17,441	18,281	20,460

Because of the large 1963 crops in the United States and West Germany (the leading exporters) and the low brewers' stocks in many importing nations, world hop trade should be very active in 1963-64.

The EEC, a major importing and exporting area, has decided not to consider a common policy for hops this year. The preferential tariff rates on intra-EEC hop trade which went into effect in April 1962 has had, as yet, little effect on world trade. If further restrictions are established, they may cause a "rearrangement" of world trade even if they do not change volume significantly. The EEC normally exports about 4 million pounds more hops than it imports.

As of March 1, 1964, U.S. hops supplies for domestic use, carry-over, and export were estimated at 38 million pounds. This was about 0.7 million pounds above last year's supplies, but about 1 million pounds below March 1, 1962, stocks.

U.S. exports to Asia and Africa are relatively small but have been growing faster than those to any other continental areas. Shipments to Africa have doubled and to Asia have almost tripled in the past three marketing years. Those to Europe have almost doubled during the same period, with non-EEC nations accounting for most of the increase. On the other hand, U.S. exports to Latin America and to Canada declined 20 and 17 percent, respectively, during the same period. Increasing Canadian production and unstable economic conditions in Latin America may account for some of this reduction in exports.

Total U.S. exports increased over 17 percent from 1960-61 to 1962-63, setting a new record of 20.5 million pounds in 1962-63. Exports for the period September 1963-February 1964 totaled 15.9 million pounds, as compared to 14.0 million for the same period the year before. Based on this 6-month comparison, exports for the entire 1963-64 season are expected to set another record.

DEVELOPMENTS IN WORLD MARKETS

Fruits and vegetables and their products, among all agricultural commodities, are most often classified as nonessential commodities for import by foreign countries. All other factors being equal, essential commodities -- particularly raw materials and products which can be remanufactured -- receive preferential treatment insofar as terms of import are concerned. For this reason, export opportunities available to American shippers of fruits and vegetables are heavily dependent on strong, growing, foreign economies. Formation of moderate levels of import duties, as well as elimination of foreign non-tariff import restrictions, are heavily dependent on viable economic conditions in destination countries.

Generally, effective demand for horticultural products increases as incomes of consumers improve. In early stages of increasing incomes, demand is largely for fresh fruits and vegetables, and almost any quality is acceptable. As an area's economy improves and becomes more sophisticated, the demand is for higher quality and more uniform grading, sizing, and packaging. In the more advanced stages consumers use a much higher percentage of fruits and vegetables in processed forms such as canned, frozen, and dehydrated juices. In the United States, about 60 percent of the fruit, about half the vegetables, and one-third of the potatoes are processed.

TABLE 19.--Exports of horticultural products from the United States, by principal destination, 1956-62

Year	Canada	Europe		Central America	South America	Other	Total
		EEC	Other				
Fruits and nuts and preparations:	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1956	101	66	61	15	9	14	266
1957	105	64	40	16	11	16	252
1958	112	62	49	15	13	16	267
1959	119	46	48	12	14	16	255
1960	117	54	58	7	13	21	270
1961	121	58	62	10	10	23	284
1962[1]	111	70	74	9	9	29	302
Vegetables and Preparations:							
1956	60	6	8	17	4	7	102
1957	59	6	5	19	4	8	101
1958	56	7	5	18	5	7	98
1959	59	6	5	15	4	7	96
1960	64	8	10	8	3	8	101
1961	56	13	11	8	4	10	102
1962[1]	57	18	13	7	10	9	114

[1] Preliminary.

The world can be divided into several broad trade areas for discussion of trade in horticultural products. These are Canada, Western Europe, the Soviet Bloc, Asia, Latin America, and Africa.

The Canadian economy has shown a steady upward trend in recent years; this trend is expected to continue in the years ahead. Growers and handlers of fruits and vegetables on each side of the border consider the United States and Canada as one market. Grades, packages and methods of handling are either the same or quite similar. Canada takes almost half of U.S. total horticultural exports, many of them on a seasonal basis. The slight upward trend is expected to continue in both U.S. exports to Canada and also in U.S. imports of horticultural products from that country.

The economy of Western Europe has been booming for several years, and most observers expect the upward trend to continue, though at a lower rate than in recent years. Wages are increasing, and in most countries there is a shortage of labor. There has been a sharp increase in Western European fruit and vegetable production and in imports of most items. Up to this time, a very large percentage of the local supply has been used in fresh form. Consumers are now demanding higher quality fresh fruits and vegetables, and at the same time there is a significant rise in demand for processed products and in imports of processed items that have been liberalized. Several American processors have either built or acquired plants in Western Europe.

A substantial increase might eventually develop in imports of fruits and vegetables in Soviet Bloc countries, but this is unlikely to happen in the near future. It is doubtful that much foreign exchange will be made available for such imports. Even barter will be limited because design and quality of goods offered in exchange do not meet Western standards.

With the exception of Japan, Malaya, and Hong Kong there is little prospect of expanding trade in horticultural products in Asia. The economy and per capita income are slowly improving each year, but expansion of trade in Asia is limited.

In general, both the economy and per capita income in Latin America are declining. There appears to be little hope for substantial improvement in the near future. It may be possible to maintain exports at about the present level.

Young apple orchard near Montpelier, France. This typifies increased size of plantings and modernization of fruit production in the countries of the European Common Market within the past ten years.

In North and South Africa, there is keen competition from domestic production. Thus, there is little prospect of expanding trade under current economic conditions. In the newly emerging countries of central Africa, governments are still somewhat unstable and incomes relatively low.

U.S. fruit and vegetable markets in Britain are expanded through various types of promotion. Top, U.S. exhibit, at Great Britain's Food Fair, London, catches attention of crowd. Below, winter vegetables from Florida are offered to the public at a London supermarket in 1963. Those shown include parsnips, celery, green peppers, spring onions, mushrooms, and sweet corn.

Negotiations between the European Economic Community and the United Kingdom, leading to the latter's membership in the Economic Community, came to a halt in January 1963 and have not since been resumed. At that time, eight other European countries had applied to the Community for full or associate membership. Only one of the total of nine applications in the hands of the Community on January 1, 1963 has since been acted upon.

Turkey applied to the EEC on July 31, 1961, for associate membership; however, instead of accepting Turkey as an associate member, the two entered into a trade agreement on September 12, 1963, providing annual preferential tariff quotas on several commodities including raisins, dried figs, and filberts. This trade agreement is declared to be preparatory to eventual Turkish full membership in the Community.

Iran and the EEC concluded a trade agreement on October 14, 1963, which provides reduced tariff quotas for Community imports of raisins and dried apricots. Unlike the Turkish agreement, however, these quotas are not preferential; they are open to all third-country suppliers.

The Community is now in the process of implementing its Common Agricultural Policy for fruit and vegetable trade between member countries as well as that for third countries. The Community has taken a strong position favoring free internal trade. Only a few requests for restrictions on trade by one member country against other members have been granted. The Commission estimates that only about 2 percent of total trade in fruits and vegetables has been affected by deviations from the basic trade regulations. The Commission is also applying pressure on member countries to discontinue aid in the form of subsidies in production, processing, transportation, or exports. The Commission has been active in seeking abolition of reduced transportation rates granted by France and Italy for several fruits and vegetables.

Internal trade in Class I quality fresh fruits and vegetables was liberalized as of January 1, 1964. For the most part, this liberalization has extended to third countries under the provisions of EEC Regulation No. 80/83 concerning the quality control of imports of fruits and vegetables from third countries. This regulation recognizes that most non-EEC countries normally export fresh fruits of Class I quality, or better, and permits the importing Member States to accept exporting countries' quality standards and inspection certificates.

Eventually, the EEC will agree to equivalencies between specific European quality classes and those of exporting non-European third countries. U.S. officials currently are negotiating these equivalencies; however, this is likely to take considerable time in view of the large number of commodities and non-European countries involved.

The Codex Alimentarius Commission, an international organization under United Nations auspices, is now currently working on international standards for canned fruits and vegetables. A U.S. official is chairman of this working committee. Also, work has been started by the same commission on standards for fruit juices.

France, in November, 1962, was found to be in violation of the GATT in imposing a number of import restrictions on U.S. fruit and vegetable commodities. Following months of negotiations between the United States and France, a temporary trade agreement was worked out permitting specific imports during the last quarter of 1963 and the first quarter of 1964. French implementation of this arrangement was unsatisfactory, largely because of delays in issuing import licenses. In the spring of 1964, further negotiations between the U.S. and France led to sharply improved arrangements for further trade. These improvements included provisions for increased volumes of trade as well as more satisfactory procedures to implement the flow of trade. Further negotiations between the two countries will be undertaken in the fall of 1964, with a view to achieving trade liberalization for those commodities now subject to import quotas.

The United Kingdom has liberalized imports of frozen orange juice concentrate, but will continue to use former import controls on fresh winter grapefruit and other processed oranges and grapefruit. Discussions are continuing in an effort to gain complete liberalization of these items.

Japan is a large potential market for U.S. horticultural products, but many are under restrictive import quotas. A few are under the automatic approval system, which is generally tantamount to liberalization. Japan, as of April 1, 1964, lost eligibility under GATT Art. XII to restrict imports for balance-of-payments reason, and just before that date initiated regulations to reduce overall imports. These actions included an increase in the official interest rate and increases in deposits required with import licenses. Many import restrictions in effect as of April 1, 1964, are expected to be continued.

PROMOTION OF U.S. PRODUCTS

The Foreign Agricultural Service's activities on behalf of U.S. fruit and vegetable industries, and in cooperation with it, continued during the past year in much the same manner as during previous periods. Projects providing for advertising and merchandising programs, surveys of market requirements and potentials, and the like, were operated in all Western European countries and in Japan in conjunction with: Florida Citrus Commission. California-Arizona Citrus League, California Prune Advisory Board, California Raisin Advisory Board, Dried Fruit Association of California, the Cranberry Institute, National Canners Association, and Red Cherry Exports, Inc.

A major development during the past year was a change in emphasis of some of these projects, focusing primarily on the development of trading groups and need for the U.S. industry involved to be fully informed on these groups' activities and represented at necessary international forums. Several export groups have established offices in Europe, with full-time representatives stationed there. These offices are designed to keep the U.S. industry fully informed on activities by such groups as the EEC, EFTA, etc., which may affect their operations or their potential markets in the area. The representative also presents his industry's position on matters affecting them

and attempts to prevent, so far as possible, erection of artificial trade barriers against U.S. products. He also works for the removal of existing non-tariff barriers in many countries. In order to accomplish this all-important task, the following organizations have diverted sufficient emphasis from promotional aspects of their activities to support such representation; National Canners' Association, Dried Fruit Association of California, and the California-Arizona Citrus League. They will be joined shortly in this same kind of activity by the Pacific Coast Deciduous Fruit Industry.

U.S. fruit and vegetable products were extensively exhibited and sampled at international shows in Europe during 1963. Chief among the latter were the ANUGA, at Cologne, Germany -- largest international food fair in Europe -- and the massive U.S. Food and Agriculture Exhibit and Symposium which was held in Amsterdam.

Both of these exhibitions attracted people from all over Europe, both from the food importing and distributing trade and from the general public. Visitors to each numbered in the hundred thousands.

At smaller shows, selective fruit and vegetable items were shown. For example, dried fruit and grapefruit were exhibited at Verona, Italy, and raisins, prunes, and cranberries at Glasgow, Scotland.

Activities of the U.S. Trade Centers continued; on several occasions during the year, there was an opportunity to promote various fruit items in London. These facilities were expanded with the opening of the Milan, Italy, Trade Center and a show at that time, at which fruit and vegetable items were represented. Also, the entire Tokyo Trade Center was utilized for a Fruit Show in March, 1964.

TABLE 20.--Expenditures under fruit and vegetable market development projects, fiscal years 1957-63

Year beginning July	Funds from sales for foreign currencies[1]	Funds from industry cooperators	Total
	Equiv. $1,000	Equiv. $1,000	Equiv. $1,000
1957	84	41	125
1958	170	101	271
1959	14	18	32
1960	138	169	307
1961	433	461	894
1962	400	343	743
1963	425	614	1,039

[1]Under Sec. 104(a) of P. L. 480.

APPENDIX

TABLE 21.--Value of U. S. exports of fresh and processed Fruits and vegetables, by principal commodities, 1953-63

Calendar Year	FRESH CITRUS FRUITS					FRESH NONCITRUS FRUITS				
	Oranges[1]	Lemons[2]	Grapefruit	Other	Total	Grapes	Apples	Pears	Other	Total
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1953........	31.6	4.0	5.1	--	40.7	9.5	5.1	3.0	6.1	23.7
1954........	38.2	5.8	5.6	--	49.6	11.0	6.9	3.3	7.2	28.4
1955........	35.0	8.5	5.8	--	49.3	11.7	8.7	3.6	6.6	30.6
1956........	54.4	10.5	8.0	--	72.9	13.7	8.1	4.5	9.9	36.2
1957........	44.5	10.9	8.1	--	63.5	14.6	11.0	7.1	8.8	41.5
1958........	32.3	16.4	7.7	--	56.4	15.4	16.0	4.7	9.3	45.4
1959........	39.6	9.2	8.6	--	57.4	16.4	11.2	7.3	10.8	45.7
1960........	34.4	11.1	7.9	--	53.4	17.0	14.1	5.1	11.5	47.7
1961........	38.9	14.1	10.5	--	63.5	16.6	15.7	6.6	11.4	50.3
1962........	36.7	10.4	10.6	--	57.7	17.6	15.7	6.1	10.9	50.3
1963........	35.4	19.5	10.6	--	65.5	18.3	13.7	4.0	11.4	47.4

Calendar Year	CANNED FRUITS					PROCESSED FRUIT JUICES[4]				
	Peaches	Fruit Cocktail[3]	Pineapple	Other	Total	Orange	Grapefruit	Pineapple	Other	Total
1953........	3.2	6.7	7.6	4.2	21.7	9.8	2.6	1.8	9.4	23.6
1954........	6.8	7.5	11.4	6.8	32.5	10.9	2.6	1.6	8.6	23.7
1955........	7.1	9.7	9.5	10.0	36.3	13.3	2.7	1.5	10.3	27.8
1956........	13.3	10.8	14.7	9.4	48.2	19.5	3.6	2.1	11.3	36.5
1957........	12.2	11.0	14.6	9.3	47.1	20.8	4.0	2.0	12.2	39.0
1958........	17.0	14.5	15.1	10.4	57.0	26.8	4.0	3.0	13.3	47.1
1959........	16.2	13.2	13.9	9.4	52.7	22.8	4.5	2.5	13.7	43.5
1960........	20.6	14.6	11.6	9.0	55.8	23.5	3.5	2.3	11.8	41.1
1961........	23.8	17.6	10.6	9.3	61.3	25.9	4.5	2.7	12.4	45.5
1962........	32.3	20.3	17.3	8.8	78.7	24.0	4.9	2.8	10.6	42.3
1963........	25.2	22.9	12.8	8.3	69.2	22.6	5.1	3.2	10.1	41.0

Calendar Year	DRIED FRUITS					TREE NUTS				
	Prunes	Raisins[5]	Mixed Fruits	Other	Total	Almonds	Pecans	Walnuts	Other	Total
1953........	10.8	13.6	1.2	2.4	28.0	2.0	1.0	1.1	1.5	5.6
1954........	13.9	11.6	1.6	4.2	31.3	4.1	.9	2.4	2.0	9.4
1955........	14.3	12.6	1.4	4.3	32.6	1.6	.9	1.4	2.1	6.0
1956........	18.7	17.8	2.0	4.4	42.9	15.3	.9	1.4	2.8	20.4
1957........	14.6	13.2	1.4	6.8	36.0	5.2	.9	1.4	1.9	9.4
1958........	21.5	11.9	2.2	6.0	41.6	1.3	1.0	3.0	2.0	7.3
1959........	15.1	11.8	1.8	4.4	33.1	5.1	1.3	1.6	2.1	10.1
1960........	20.5	15.6	2.2	4.6	42.9	10.0	1.4	1.1	2.6	15.1
1961........	17.3	17.4	1.9	5.1	41.7	2.3	1.5	.8	2.3	6.9
1962........	20.1	19.2	2.7	5.9	47.9	8.2	1.4	.9	2.5	13.0
1963........	17.5	19.3	2.2	4.6	43.6	12.0	1.6	1.1	2.7	17.4

Calendar Year	FRESH VEGETABLES					CANNED VEGETABLES				
	Tomatoes	Lettuce	Potatoes[6]	Other	Total	Asparagus	Tomato Products[7]	Peas	Other	Total
1953........	5.3	4.6	6.1	16.2	32.2	2.8	6.7	1.5	5.2	16.2
1954........	5.6	5.1	7.7	18.7	37.1	3.3	7.2	1.6	6.3	18.4
1955........	6.4	5.6	10.0	21.2	43.2	5.4	8.9	1.4	7.0	22.7
1956........	9.1	5.9	11.7	24.6	51.3	6.2	11.2	1.5	9.3	28.2
1957........	8.1	5.6	7.2	25.0	45.9	6.8	14.5	1.6	8.9	31.8
1958........	7.8	6.1	7.2	25.3	46.4	9.3	9.1	1.6	8.8	28.8
1959........	6.9	6.5	8.4	24.1	45.9	5.8	8.6	1.3	9.4	25.1
1960........	6.8	6.4	9.9	23.4	46.5	9.8	7.5	1.0	10.0	28.3
1961........	8.5	6.1	5.3	24.3	44.2	10.3	6.2	1.0	7.9	25.4
1962........	8.1	7.9	6.5	28.3	50.8	14.1	5.0	0.8	9.0	28.9
1963........	9.0	7.6	7.2	29.3	53.1	15.1	6.4	1.0	10.7	33.2

[1] Including tangerines.
[2] Including limes.
[3] Including canned fruits for salad and mixed fruits.
[4] Includes canned single-strength juices and frozen and hotpack concentrated juices. Does not include tomato juice. Latter item included with tomato products under canned vegetables.
[5] Including currants.
[6] White potatoes only.
[7] Includes canned tomatoes, juice, paste, and puree and sauce for cooking purposes.

SOURCE: Foreign Agricultural Service and Economic Research Service, USDA.

Table 22.--Value of U. S. exports of fresh and processed fruits and vegetables, by commodity groups and principal areas of destination, 1953-63[1]

Calendar year	FRESH CITRUS FRUITS				FRESH NONCITRUS FRUITS			
	Canada	Europe	Other	Total	Canada	Europe	Other	Total
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1953	26.4	10.7	3.6	40.7	14.3	0.7	8.7	23.7
1954	29.9	16.4	3.3	49.6	17.5	1.4	9.5	28.4
1955	28.8	17.2	3.3	49.3	17.1	4.2	9.3	30.6
1956	32.3	36.4	4.2	72.9	22.5	4.9	8.8	36.2
1957	31.8	27.0	4.7	63.5	22.6	9.9	9.0	41.5
1958	31.4	21.0	4.0	56.4	23.4	11.7	10.3	45.4
1959	33.4	18.4	5.6	57.4	25.9	9.5	10.3	45.7
1960	31.8	15.1	6.5	53.4	27.3	10.8	9.6	47.7
1961	32.4	24.0	7.1	63.5	28.2	14.0	8.1	50.3
1962	31.3	18.4	8.0	57.7	27.1	13.9	9.3	50.3
1963	30.7	26.5	8.3	65.5	27.2	9.7	10.5	47.4

Calendar year	CANNED FRUITS				PROCESSED FRUIT JUICES			
1953	8.5	6.4	6.8	21.7	13.5	2.8	7.3	23.6
1954	11.5	13.7	7.3	32.5	13.6	3.8	6.3	23.7
1955	9.9	18.8	7.6	36.3	15.5	5.7	6.6	27.8
1956	10.4	29.7	8.1	48.2	20.0	9.6	6.9	36.5
1957	12.4	25.1	9.6	47.1	20.2	10.8	8.0	39.0
1958	14.1	33.0	9.9	57.0	25.6	13.8	7.7	47.1
1959	12.6	31.4	8.7	52.7	27.8	9.3	6.4	43.5
1960	13.7	35.5	6.6	55.8	25.3	10.1	5.7	41.1
1961	13.9	41.7	5.7	61.3	31.1	11.1	3.3	45.5
1962	12.2	61.2	5.3	78.7	23.3	12.8	6.2	42.3
1963	13.7	48.3	7.2	69.2	25.3	9.5	6.2	41.0

Calendar year	DRIED FRUITS				TREE NUTS			
1953	6.2	17.2	4.6	28.0	2.9	1.4	1.3	5.6
1954	6.6	19.7	5.0	31.3	3.2	4.5	1.7	9.4
1955	6.1	22.0	4.5	32.6	2.7	1.5	1.8	6.0
1956	6.8	31.2	4.9	42.9	3.5	14.5	2.4	20.4
1957	7.1	23.6	5.3	36.0	3.3	3.9	2.2	9.4
1958	7.2	29.3	5.1	41.6	2.7	2.2	2.4	7.3
1959	6.9	21.3	4.9	33.1	4.2	3.2	2.7	10.1
1960	7.3	29.5	6.1	42.9	3.6	8.3	3.2	15.1
1961	7.1	25.9	8.7	41.7	3.1	1.2	2.6	6.9
1962	6.6	30.2	11.1	47.9	3.4	6.0	3.6	13.0
1963	6.6	27.2	9.8	43.6	4.1	8.4	4.9	17.4

Calendar year	FRESH VEGETABLES				CANNED VEGETABLES			
1953	25.4	0.1	6.7	32.2	3.2	3.0	10.0	16.2
1954	30.0	([2])	7.1	37.1	4.9	3.7	9.8	18.4
1955	35.7	([2])	7.5	43.2	5.2	4.3	13.2	22.7
1956	40.6	2.3	8.4	51.3	8.2	7.1	12.9	28.2
1957	37.6	0.2	8.1	45.9	9.5	6.3	16.0	31.8
1958	37.0	([2])	9.4	46.4	6.1	8.7	14.0	28.8
1959	38.3	([2])	7.6	45.9	5.9	7.4	11.8	25.1
1960	43.1	([2])	3.4	46.5	6.3	12.4	9.6	28.3
1961	40.9	1.1	2.2	44.2	6.4	10.9	8.1	25.4
1962	44.6	2.4	3.8	50.8	3.8	16.1	9.0	28.9
1963	41.3	8.2	3.6	53.1	5.1	17.9	10.2	33.2

[1] Including tree nuts.
[2] Negligible.

* Source: Foreign Agricultural Service and Economic Research Service, USDA.

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